

FCC licensee] would be inconsistent with the insulation criterion that 'the limited partner may not perform any services for the partnership materially relating to its media activities'"⁵⁰

The Commission made that statement in response to a question asked by Cap Cities/ABC. Cap Cities asked the Commission to confirm that "[w]here a *network* holds a limited partnership interest in a licensee, *its* affiliation with the station should not cause the partnership interest to be attributable."⁵¹ It is clear that Cap Cities was proposing that insulation should continue even if the limited partner *itself* sells programming to the limited partnership.⁵²

The sale of programming to TWE by Liberty, Rainbow, the video programming providers in which MediaOne holds an interest, and Viewer's Choice cannot be equated with the sale of such services by AT&T *itself*, particularly when, as shown above, all of AT&T's interests in these programming services are minority, non-managing, and, in nearly all cases, indirect. Thus, regardless of the merits of the Commission's answer to Cap Cities' question, it cannot be cited as a basis for destroying AT&T's insulation in TWE.

⁵⁰ *Broadcast Attribution Order*, MM Docket Nos. 94-150, 92-51, and 87-154, FCC 99-207 (rel. Aug. 6, 1999), at ¶ 133 ("*1999 Broadcast Attribution Order*").

⁵¹ Cap Cities/ABC Comments in MM Docket Nos. 94-150, 92-51, and 87-154, May 16, 1995, at n. 28.

⁵² In rejecting Cap Cities' request, the Commission understood the question Cap Cities was asking: "Cap Cities/ABC asked the Commission to confirm that an insulated limited partner's interest in a licensee does not preclude the *interest holder* from also holding an affiliation agreement with the licensee." *1999 Broadcast Attribution Order* at ¶ 133 (emphasis added).

The Cap Cities paragraph is distinguishable for another reason as well: Cap Cities requested a ruling that the limited partner could sell to the partnership the vast majority of the programming aired by the partnership -- a single-channel broadcast station. The case here is fundamentally different. Here, companies in which AT&T holds an interest are selling programming to TWE that, even if taken in the aggregate, constitutes a relatively small percentage of the total programming carried over TWE's cable systems. Thus, the FCC should have significantly less concern here than it had with respect to the Cap Cities situation.

Finally, a determination that AT&T's insulated limited partner status in TWE is not destroyed by this limited sale of programming is supported by the Commission's policy goal for amending its insulated limited partnership exception for purposes of the horizontal and channel occupancy rules. In broadening the scope of the exception, the Commission explained, "the current insulation criteria prevent investments between companies whose combination may bring benefits to the public, such as cable broadband and telephony services and competition to the incumbent local exchange carriers or Internet."⁵³ As AT&T has previously demonstrated, the combination of AT&T and MediaOne will produce profound public interest benefits by allowing the more rapid and effective development of a facilities-based alternative to the ILECs for millions of the nation's homes and businesses, thereby promoting competition in not just traditional exchange and exchange access services, but also in actual and emerging complementary services.⁵⁴

⁵³ *Horizontal Order* at ¶ 63.

⁵⁴ *See Public Interest Statement* at 20-32; *AT&T/MediaOne Reply Comments* at 5-26.

Given the Commission's objective to avoid overly narrow application of the insulated limited partnership exception in order to foster local telephony and broadband competition, and the parallel expression of this objective by Congress in the 1996 Act, the Commission should not restrict AT&T's ability to retain insulation in TWE based merely on the highly attenuated programming interests held by AT&T.

Notwithstanding the foregoing, in the interest of expediting Commission review and approval of the merger so that AT&T can begin to deploy competitive local telephony, high-speed Internet access, and other broadband offerings to millions of American consumers, AT&T proposes additional safeguards that the Commission could adopt with respect to the programming interests discussed above.

Specifically, the Commission could require AT&T to certify that it will have no communications or other participation or involvement with Rainbow, Viewer's Choice, Liberty, or the programming entities in which MediaOne currently has an interest regarding the sale of programming by those entities to TWE. In addition, with regard to Rainbow, the Commission could require AT&T to certify, pursuant to 47 C.F.R. § 76.503(c), that its two members on Cablevision's Board will have "duties and responsibilities . . . wholly unrelated to the video programming subsidiary [Rainbow]" such that they would have no role with respect to the sale of Rainbow video programming to TWE.⁵⁵

⁵⁵ Such Board member recusal is entirely consistent with well-established Commission precedent. *See, e.g., In re Applications of Turner Broadcasting System and Time Warner for Consent to Transfer WTBS(TV)*, 11 FCC Rcd. 19595 (1996) ("*Turner*"); *In re Applications of Telemundo Group, Inc.*, 10 FCC Rcd. 1104 (1994); *In re Applications of Craig O. McCaw and AT&T*, 9 FCC Rcd. 5836 (1994); *In re Applications* (footnote continued ...)

While AT&T believes that these additional safeguards are unnecessary, there can be no question that if they are adopted they would allay all possible concerns the Commission may have about the merger's potential impact on the video programming marketplace and would clearly justify retention of AT&T's insulated limited partner status in TWE.

C. AT&T Will Ensure That Any Representatives It Appoints To The TWE Board Of Representatives Fully Qualify For The Waiver Contemplated In The Commission's Rules.

The revised cable attribution rules permit AT&T to seek a waiver of attribution for representatives it appoints to the TWE Board where the representatives have been properly recused from the video programming activities of AT&T and TWE.⁵⁶ Under the new rules, so long as representatives appointed to TWE by AT&T have "duties and responsibilities that are wholly unrelated to video-programming activities for both" AT&T

(... footnote continued)

of Viacom for Consent to the Transfer of Control of Paramount Communications, 9 FCC Rcd. 1577 (1994). In *Turner*, for example, certain directors who sat on the Turner Board of Directors also sat on the Time Warner Board of Directors. Because the service area of Turner's superstation, WTBS, overlapped with the service areas of certain Time Warner cable systems, a conflict with the cable-broadcast television cross-ownership rule arose. To prevent attribution of WTBS to Time Warner, each director who served on both boards submitted a statement to the Commission certifying that he would "not be involved in the day-to-day operations of WTBS(TV) and would recuse himself from voting on or participating in any such matters that come before the Turner Board of Directors." The Commission approved this recusal and the merger between Turner and Time Warner went forward. The Commission concluded that so long as the director or officer is recused "at all times and from all matters that involve and/or implicate the subsidiary," the interest should not be attributable. *Turner*, 11 FCC Rcd. 19595, at ¶ 43.

⁵⁶ See 47 C.F.R. § 76.503(c).

and TWE, no attribution occurs.⁵⁷ In other words, if the directors "are not involved in the video programming activities of either" AT&T or TWE, then a waiver of attribution for the directors is appropriate because the concerns of the horizontal cable ownership rules "are not implicated."⁵⁸

Until completion of the merger, AT&T has *no* right to appoint any members to the TWE Board, so it is premature to determine whether any representatives which AT&T might appoint would meet the standard for a waiver of attribution. AT&T recognizes, however, that at the appropriate time it will be obligated to provide to the Commission the names of its proposed representatives to the TWE Board, and to demonstrate that such representatives are properly recused from all the video programming activities of AT&T and TWE. AT&T also recognizes that, absent a waiver of attribution pursuant to new 47 C.F.R. § 76.503(c), it cannot and will not appoint any member to the TWE Board.

AT&T believes it will be simple and straightforward to demonstrate that such representatives are not involved in the video programming activities of TWE. This is because, as demonstrated above, MediaOne's representatives serving on TWE's Board (and AT&T's representatives upon completion of the merger) have rights only with respect to the limited list of Participant Matters.

Similarly, AT&T will demonstrate that it has adequately recused any representatives it appoints to TWE's board from the video programming activities of *AT&T*. AT&T has significant experience in recusing its Board members from participating

⁵⁷ *Id.*

⁵⁸ *Attribution Order* at ¶ 68.

in certain aspects of AT&T's business. AT&T will take all necessary steps to ensure that any members it appoints to the TWE Board are properly insulated from AT&T's video activities. For example, AT&T will ensure that any person it appoints to the TWE Board does not engage in the types of activities discussed above with respect to AT&T's video programming activities. In addition, to the extent that AT&T appoints one of its own representatives to the TWE Board, AT&T will take steps to ensure that such Board member does not participate in any matters relating to video programming that come before the AT&T Board, including: 1) ensuring that all matters involving AT&T's video programming activities are discussed separately at all meetings; 2) providing ample opportunity for such representative to refrain from participation in all discussions of AT&T's video programming; 3) redacting reports and other materials provided to the AT&T Board regarding AT&T's video programming activities; and 4) ensuring that any financial information about AT&T's video programming activities that is given to the AT&T Board is provided to such representative only in aggregate form (*i.e.*, in a form that does not identify financial information, such as programming costs, that is specific to a particular video programming service that AT&T cable systems are carrying or with which AT&T is negotiating for carriage).⁵⁹

⁵⁹ The Commission has approved these types of recusal measures in other cases implicating the ownership rules. *See, e.g., McCaw*, 9 FCC Rcd. 5836, at ¶ 148; *Telemundo*, 10 FCC Rcd. 1104, at ¶ 25. *See also* n. 55, *supra*.

IV. CONCLUSION

Based on the foregoing and the previous comments filed by AT&T/MediaOne in the above-captioned proceeding, AT&T/MediaOne respectfully urge the Commission to expeditiously grant AT&T/MediaOne's transfer of control application.

Respectfully submitted,

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November 24, 1999

CERTIFICATE OF SERVICE

I, Laura Dennis, do hereby certify that I caused one copy of the foregoing *Ex Parte* Filing of AT&T Corp. and MediaOne Group, Inc. to be served by hand delivery on all parties on the attached service list, this 24th day of November, 1999.

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Laura Dennis

A

AT&T CABLE OWNERSHIP¹

	ENTITY	OWNERSHIP ²	OWNERSHIP %	SUBSCRIBERS
Owned and Operated Systems³	AT&T	AT&T	100%	10,621,000
Consolidated Systems	Alabama T.V. Cable Inc.	TCI Cablevision of Alabama, Inc.	86.67%	27,000
		William J. McDonald	6.67%	
		Locust Mountain Part II, L.P.	6.67%	
	Cablevision Associates of Gary Joint Venture	Cable Television of Gary, Inc.	90.00% general	19,000
		Zarin Libauer Cablevision Corp.	10.00% general	
	District Cablevision Limited Partnership	TCI of D.C., Inc.	75.00% limited	103,000
		District Cablevision, Inc.	25.00% general	
	InterMedia Partners	Various TCI Entities	97.981% limited	142,000
		InterMedia Capital Management I, LLC	.002% general	
		InterMedia Capital Management, L.P.	2.017% limited	

¹ As of September 30, 1999. Since September 30, 1999, AT&T closed a few transactions that affect its total number of attributable subscribers. Specifically, AT&T purchased the cable television systems in White Sands and Mesilla Valley, New Mexico, exchanged certain cable television systems in South Carolina, Indiana, Kentucky, Utah, Montana, and Tennessee with affiliates of Charter Communications, Inc. Insight Communications, Inc., and InterMedia Management, Inc., and sold its interest in Falcon Communications, L.P. to Charter Communications, Inc. Based on these transactions, AT&T's number of subscribers has decreased by 1,276,000. AT&T also notes that while the subscriber numbers in this chart for AT&T's owned and operated and consolidated systems are all as of September 30, 1999, a de minimis number of affiliates have not yet provided AT&T with subscriber numbers as of this date. In most of these cases, August 1999 subscriber numbers were used, and June 1999 numbers in a few cases. AT&T believes that use of September subscriber numbers for these affiliate systems would not alter AT&T's percentage of MVPD subscribers currently or post-merger.

² AT&T entities in bold.

³ AT&T has announced several other transactions that will further reduce its subscriber count, including: 1) the reduction below 5 percent of its interest in the cable systems currently owned by Bresnan Communications Co., Ltd. Partnership; 2) the sale of its interest in certain cable systems to Cox Communications, Inc.; 3) the sale of its interest in Lenfest Communications, Inc.; and 4) an exchange of interests in cable systems with Comcast Corporation. Completion of these transactions will further reduce AT&T's subscriber numbers by approximately 3,628,000.

	ENTITY	OWNERSHIP	OWNERSHIP %	SUBSCRIBERS
	Mile Hi Cable Partners, L.P.	Community Cable Television P&B Johnson Corp. Daniels Communications, Inc.	78.00% limited 21.00% general 1.00% limited	114,000
	South Chicago Cable, Inc. (includes Communications & Cable of Chicago, Inc. and LaSalle Communications, Inc.)	TCI of Illinois TCID of Chicago, Inc. TCID of South Chicago, Inc. Numerous Small Investors	16.75% 33.25% 40.00% 10.00%	206,000
	Tele-Communications of South Suburbia, Inc.	TCI of Illinois, Inc. John L. Cifelli	80.00% 20.00%	8,800
	United Cable Television of Baltimore Limited Partnership	UCTC of Baltimore, Inc. UCTC LP Company Universal Telecom, Inc. Clarence Elder Barbara Elder Clarence and Barbara Elder Clarence and C. Lewis Elder Clarence and Lisa M. Elder Clarence and Leann Elder	1.000% general 82.878% limited 3.087% limited 5.459% limited 1.290% limited 4.798% limited 0.496% limited 0.496% limited 0.496% limited	110,000

	ENTITY	OWNERSHIP	OWNERSHIP %	SUBSCRIBERS
Non-consolidated Systems	Parnassos Communications, L.P.	TCI Adelphia Holdings, LLC	33.33% general	481,000
		Adelphia Western New York Holdings, Inc.	66.57% general	
		Montgomery Cablevision, Inc.	0.10% limited	
	American Cable TV Investors 5, Ltd.	IR-TCI Partners V, L.P. (publicly traded units)	1.00% general 99.00% limited	21,000
	Bresnan Communications Co. Ltd. Partnership	TCI Bresnan LLC Blackstone Entities BCI (USA), LLC (an affiliate of William J. Bresnan) William J. Bresnan	50.00% limited 39.40% limited 8.60% limited and 1.00% general 1.00% limited	655,000
	Cablevision Systems Corporation	Country Cable III, Inc.; CCC Sub, Inc.; TCI CSC II, Inc.; TCI CSC III, Inc.; TCI CSC IV, Inc.; TCI CSC V, Inc.; TCI CSC VI, Inc.; TCI CSC VII, Inc.; TCI CSC VIII, Inc.; TCI CSC IX, Inc.; TCI CSC X, Inc.; and TCI CSC XI, Inc.	33 % in the aggregate	3,435,000
	Falcon Communications, L.P.	TCI Falcon Holdings, LLC Falcon Holding Group, L.P.	45.9474% general 54.0526% general/limited	1,009,000
	Insight Communications of Indiana, LLC	TCI of Indiana Holdings, LLC Insight Communications Company, L.P.	50.00% member 50.00% member (mgr)	325,000

	ENTITY	OWNERSHIP	OWNERSHIP %	SUBSCRIBERS
	InterMedia Capital Partners IV, L.P.	Various TCI Entities	44.580% limited	605,000
		Institutional Investors	48.933% limited	
		InterMedia Capital Management IV, L.P.	1.186% limited	
		ICM-IV Capital Partners, LLC	1.514% limited	
		InterMedia Capital Management, LLC	0.001% mgp	
	Intermedia Capital Partners VI, L.P.	TCI IP-VI, LLC	49.005% limited	426,000
		InterMedia Capital Management VI, LLC	.001% general	
		InterMedia Capital Management VI, L.P.	.999% limited	
		Leo J. Hindery, Jr.	.495% limited	
		Blackstone KC Offshore Capital Partners L.P.; Blackstone KC Capital Partners L.P.; Blackstone Family Investment Partnership III L.P.	49.500% limited (combined interest)	
	Lenfest Communications, Inc.	LMC Lenfest, Inc.	50.00%	1,094,000
		H.F. Lenfest; S. Morris/H. Brooks C/F Diane A.; S. Morris/H. Brooks C/F Brook J.S. Morris/H. Brooks C/F H. Chase	50.00% combined	
	Clearview Partners	[LENFEST SUB]		10,000
	Garden State Cable TV	[LENFEST SUB]		214,000
	Raystay Co.	[LENFEST SUB]		Raystay's Subscribers Are Now Included in The Subscribers of Lenfest Communications, Inc. Listed Above
	Susquehanna	[LENFEST SUB]		
				186,000

	ENTITY	OWNERSHIP	OWNERSHIP %	SUBSCRIBERS
	Kansas City Cable Partners	Liberty Cable of Missouri, Inc. TCI of Overland Park, Inc. Time Warner Entertainment Company, L.P.	46.20% general 3.80% general 50.00% general	308,000
	Texas Cable Partners, L.P.	TCI Texas Cable Holdings LLC TCI Texas Cable, Inc. Time Warner Entertainment - Advance/Newhouse TWE-A/N Texas Cable Partners General Ptnr.	49.50% limited 0.50% general 49.50% limited 0.50% general	1,116,000
	Peak Cablevision, LLC	TCI American Cable Holdings III, L.P. Fisher Communications, L.L.C.	66.667% member 33.333% member	113,000
	TCA Cable Partners II	TCI American Cable Holdings IV, L.P. TCA Holdings II, L.P. (a Texas limited partnership)	20.00% general 80.00% general	305,000
	US Cable of Coastal - Texas, L.P.	TCI USC, Inc. US Cable Holdings, L.P.	37.06% limited 62.94% general	141,000

	ENTITY	OWNERSHIP	OWNERSHIP %	SUBSCRIBERS
	CAT Partnership	TCI Holdings II, Inc. Time Warner Entertainment Company, L.P. KBL Communications, Inc. Comcast Cable Communications, Inc.	33.333% general 16.667% general 16.667% general 33.333% general	39,000
	Sioux Falls	Liberty of South Dakota, Inc. Midco of South Dakota, Inc.	50% general 50% general	65,000

MEDIAONE CABLE OWNERSHIP

ENTITY	OWNERSHIP	OWNERSHIP %	SUBSCRIBERS
MediaOne	MediaOne	100%	5,000,000

B

Media Index Data Base		09/30/98	09/30/99	Proj. 09/30/00	---& Chg.---	98-99	99-00
1 U.S. TV homes	(mil.)	98.8	99.8	100.8	1.0%	1.0%	
2 Homes passed by cable	(mil.)	95.4	96.4	97.4	1.0	1.0	
3 Basic cable subscribers	(mil.)	65.6	66.8	67.9	1.8	1.6	
4 Pay-cable subscription units	(mil.)	47.8	49.4	50.6	3.2	2.5	
5 Medium/full power DBS subscribers	(mil.)	8.0	10.1	11.7	25.7	16.1	
6 Backyard dish subscribers	(mil.)	1.9	1.6	1.2	(15.0)	(22.1)	
7 SMATV subscribers	(mil.)	1.3	1.4	1.5	6.3	5.1	
8 Wireless cable subscribers	(mil.)	1.2	1.5	1.9	25.1	23.3	
			81.4				
9 Addressable cable homes	(mil.)	32.7	34.7	36.9	6.1	6.4	
10 PPV revenue (year-to-date)	(mil.)\$	477.0	587.3	753.8	23.1	28.4	
11 PPV revenue (latest 12 mo.)	(mil.)\$	641.0	746.3	949.5	16.4	27.2	
12 PPV revenue/cable home/mo.	\$	0.81	0.93	1.17	14.4	25.3	
13 VCR homes	(mil.)	81.8	83.7	85.6	2.3	2.3	
14 Cassette rental turns (year-to-date)	(mil.)	2,268.0	2,268.8	2,260.5	0.0	(0.4)	
15 Cassette rental turns (latest 12 mo.)	(mil.)	3,021.0	3,024.8	3,016.8	0.1	(0.3)	
16 Cassette rentals/VCR home/mo.		3.1	3.0	2.9	(2.1)	(2.5)	
17 Cassette rental rev. (year-to-date)	(mil.)\$	6,016.5	6,497.3	7,017.0	8.0	8.0	
18 Cassette rental rev. (latest 12 mo.)	(mil.)\$	7,880.3	8,502.8	9,182.8	7.9	8.0	
19 Avg. videocassette rental price	\$	2.61	2.81	3.04	7.8	8.3	
20 Cassette rental rev./VCR home/mo.	\$	8.03	8.46	8.94	5.5	5.6	
21 Cassette unit sales (year-to-date)	(mil.)	489.7	521.8	552.8	6.6	5.9	
22 Cassette unit sales (latest 12 mo.)	(mil.)	637.0	685.0	726.7	7.5	6.1	
23 Cassette unit sales/VCR home/mo.		0.6	0.7	0.7	5.1	3.7	
24 Cassette sales rev. (year-to-date)	(mil.)\$	6,795.0	7,414.5	8,034.0	9.1	8.4	
25 Cassette sales rev. (latest 12 mo.)	(mil.)\$	8,856.8	9,679.5	10,505.5	9.3	8.5	
26 Avg. cassette retail price	\$	13.90	14.13	14.46	1.6	2.3	
27 Cassette sales revenue/VCR home/mo.	\$	9.02	9.63	10.22	6.8	6.1	
28 Total home video rev. (latest 12 mo.)	(mil.)\$	16,737.0	18,182.3	19,688.3	8.6	8.3	
29 Total home video rev./VCR home/mo.	\$	17.05	18.10	19.16	6.2	5.9	
30 Video shopping homes (24-hr. equiv.)	(mil.)	71.9	74.5	76.6	3.6	2.9	
31 Video shopping rev. (year-to-date)	(mil.)\$	2,401.5	2,533.5	2,673.0	5.5	5.5	
32 Video shopping rev. (latest 12 mo.)	(mil.)\$	3,160.3	3,334.0	3,517.5	5.5	5.5	
33 Video shopping revenue per home/mo.	\$	3.66	3.73	3.83	1.8	2.6	
34 Cable operator rev. (year-to-date)	(mil.)\$	25,008.2	27,225.8	30,029.9	8.9	10.3	
35 Cable operator rev. (latest 12 mo.)	(mil.)\$	32,703.0	35,561.9	39,105.2	8.7	10.0	
36 Revenue/basic sub/mo.	\$	41.53	44.36	48.03	6.8	8.3	
37 Cable network fee rev. (year-to-date)	(mil.)\$	2,869.5	3,084.8	3,300.8	7.5	7.0	
38 Cable network fee rev. (latest 12 mo.)	(mil.)\$	3,755.3	4,041.3	4,329.0	7.6	7.1	
39 Cable network fee rev./cable sub/mo.	\$	4.77	5.04	5.32	5.7	5.5	
40 Broadcast net. ad rev. (year-to-date)	(mil.)\$	9,991.5	10,817.3	11,520.8	8.3	6.5	
41 Broadcast net. ad rev. (latest 12 mo.)	(mil.)\$	13,171.3	14,147.8	15,126.5	7.4	6.9	
42 Spot TV ad rev. (year-to-date)	(mil.)\$	8,396.3	8,816.3	9,345.0	5.0	6.0	
43 Spot TV ad rev. (latest 12 mo.)	(mil.)\$	11,036.8	11,615.0	12,283.8	5.2	5.8	
44 Local TV ad rev. (year-to-date)	(mil.)\$	9,432.8	10,045.5	10,749.0	6.5	7.0	
45 Local TV ad rev. (latest 12 mo.)	(mil.)\$	12,371.3	13,189.8	14,097.5	6.6	6.9	
46 Cable network ad rev. (year-to-date)	(mil.)\$	5,187.0	6,223.5	7,257.8	20.0	16.6	
47 Cable network ad rev. (latest 12 mo.)	(mil.)\$	6,647.8	7,952.5	9,332.3	19.6	17.3	
48 Cable network ad homes	(mil.)	69.1	71.4	73.6	3.3	3.1	
49 Cable network ad rev./cable ad home/mo.	\$	8.02	9.29	10.57	15.8	13.8	

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C

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549****FORM 8-K****CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
August 3, 1999

TIME WARNER ENTERTAINMENT COMPANY, L.P.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-12878
(Commission
File Number)

13-3666692
(I.R.S. Employer
Identification No.)

American Television and
Communications Corporation
Warner Communications Inc.
(Exact name of registrant
as specified in its charter)

Delaware
Delaware
(State or other jurisdiction
of incorporation or organization)

13-2922502
13-2696809
(I.R.S. Employer
Identification No.)

75 Rockefeller Plaza, New York, NY 10019
(Address of principal executive offices) (zip code)

(212) 484-8000
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

AUG. 30. 1999 10:10AM

Item 5. Other Events.

Time Warner Entertainment Company, L.P. ("TWE") files this Report on Form 8-K to report that MediaOne Group, Inc.'s ("MediaOne") management and governance rights over all of TWE's businesses have terminated, as described below. This reduction in governance rights will result in Time Warner Inc. consolidating TWE's operating results and financial position for accounting purposes, which is expected to occur no later than the third quarter of this year.

On August 3, 1999, TWE received a notice (the "Termination Notice") from MediaOne, a holder of a limited partnership interest in TWE, concerning the termination of MediaOne's covenant not to compete with TWE. The termination of that covenant is necessary for MediaOne to complete its merger with AT&T Corp. As a result of the Termination Notice and the operation of the Partnership Agreement governing TWE, MediaOne's governance and management rights have terminated immediately and irrevocably to the fullest extent permitted by Section 5.5(1) of the TWE Partnership Agreement. As a result, MediaOne no longer has a vote on or any right to participate in the Cable Management Committee described on page I-21 of TWE's Annual Report on Form 10-K for the year ended December 31, 1998, and its representatives serving on TWE's Board of Representatives no longer have the right to vote on any matter pertaining to any of TWE's businesses. MediaOne retains certain protective governance rights on the TWE Board of Representatives pertaining to certain limited matters affecting TWE as a whole.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on August 5, 1999.

TIME WARNER ENTERTAINMENT COMPANY, L.P.

**By: WARNER COMMUNICATIONS INC.
As General Partner**

**By: /s/Christopher P. Bogart
Name: Christopher P. Bogart
Title: Vice President**

**AMERICAN TELEVISION AND COMMUNICATIONS
CORPORATION
WARNER COMMUNICATIONS INC.**

**By: /s/Christopher P. Bogart
Name: Christopher P. Bogart
Title: Vice President**

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of:)

) CS Docket No. 99-251

)
Application for Consent to the)
Transfer of Control of Licenses)
MediaOne Group, Inc. to AT&T Corp.)
_____))

DECLARATION OF PROFESSOR JOHN C. COFFEE, JR.

INTRODUCTION

1. I make this declaration to address a question that has been raised in connection with the proposed acquisition by AT&T Corp. ("AT&T") of MediaOne Group, ("MediaOne"): whether AT&T's acquisition of MediaOne would give it the power to control (or otherwise determine the business policies of) Time Warner Entertainment Company, L.P. ("TWE"), a Delaware limited partnership in which MediaOne is a limited partner. This question of what powers and/or rights amount to "control" is a standard issue in corporate, partnership and securities law and one on which I believe I can provide a useful perspective. Although I recognize the state and federal court decisions dealing with this issue are not necessarily dispositive of the questions before the FCC, the issue of what rights and powers limited partners can possess without acquiring control has received particularly careful attention from state legislatures, courts and the drafters of uniform legislation. Their uniform conclusion that limited partners may possess certain approval rights as to major transactions without acquiring control